Discrimination in payment of compensation to Aircrash victims of Indian origin by Saudi Airlines

*50. DR. KARAN SINGH: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether it is a fact that Saudi Airlines have paid differential rates of compensation to victims of the recent aircrash with a stronger discriminatory bias against Indian citizens; and

(b) if so, what is the reaction of Government in this regard?

THE MINISTER OF CIVIL AVIATION AND MINISTER OF INFORMATION AND BROADCASTING (SHRI C.M. IBRAHIM): (a) No, Sir, The Saudi Airlines has informed that the rates of compensation are in accordance with the applicable law. The families of the victims are being paid upto the highest entitlements.

(b) Does not arise.

Private local area Banks for Rural Savings

*51. SHRI K.M. KHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government have decided to allow new private local area banks for mobilisation of rural savings;

(b) if so, the details thereof;

(c) whether any of such banks have since been set up in Andhra Pradesh so far;

(d) if so, the details thereof with their locations, district-wise functions and criteria fixed for mobilisation of rural savings; and

(e) if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) With a view to providing an institutional mechanism for promoting rural savings as well as for the provision of credit for viable economic activities in the local areas, it has been decided to allow establishment of new local area banks in the private sector. This is expected to bridge the gap in credit availability and enhance the institutional credit framework in rural and semi-urban areas.

Reserve Bank of India (RBI) have issued guidelines which, inter alia, provide that such a bank shall be registered as a public limited company under the Companies, Act, 1956 and could be licensed under the Banking Regulation Act, 1949. Further would be governed by the provision of the Reserve Bank of India Act, 934 and other relevent statutes. The minimum paid up capital of such a bank shall be Rs. 5 crores and the promoters' contribution atleast Rs.2 crore. Proposals having diversified share holdings will be preferred. The promoters of the bank may comprise individuals, corporate entities, trusts and societies. The bank shall be subject to prodential norms and other policies laid down by the RBI from time to time.

(c) to (e) RBI have reported that so far no such bank has been set up in Andhra Pradesh. However, applications received from various States including those from Andhra Pradesh for setting up of such banks are at various stages of scrutiny in RBI, and an 'in principle' approvals has been given for one such banks each in Maharashtra and Karnataka.

Foreign Insurance Firms in India

*52. SHRI SATISH AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that some foreign insurance firms like Jardin Insurance Consultants. Ltd. and American Insurance Group have set up their offices in India for doing insurance, re-insurance and insurance brokering business;

(b) whether the Oreintal Insurance Company insured the National Stock Exchange as well as the National Depository and thereafter got the insurance policies re-insured with one of the Australian Companies through Jardin as broker;

(c) whether the foreign insurance companies are providing consultancy services and doing brokering business in the garb of consultancy; and

(d) how many such companies have been allowed to operate in India under what guidelines?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d) Under the existing Insurance Laws, underwriting life and